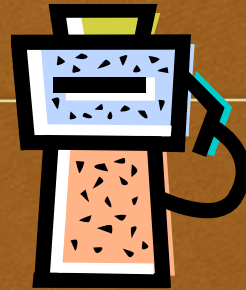


# Motor Fuel Workshop

## Highway Statistics Seminar

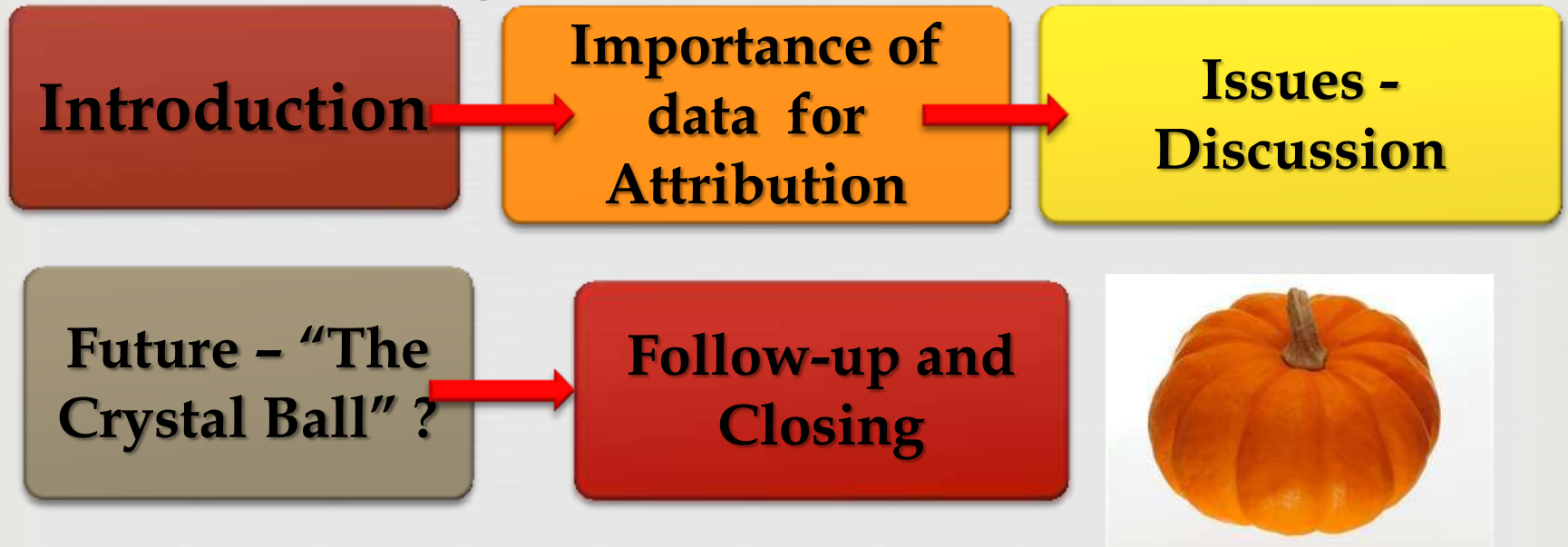
### October 2012



Federal Highway Administration  
Office of Highway Policy Information  
Presenters: Mike Dougherty & Bryant Gross

# Workshop Highlights

## ❧ Workshop Agenda:



# Staff Introduction

❧ The Motor Fuel Staff are:

❧ **Bryant Gross:** Motor Fuel Data and Attribution

❧ **Mike Dougherty:** Motor Fuel Tax Evasion,  
HVUT, IFTA



● U.S. Department of Transportation  
Federal Highway Administration

Introduction

# Motor Fuel Overview

- ∞ Why do we collect the data?
- ∞ **Title 23, 420.105 (b)** > Federally mandated
- ∞ Motor fuel data is reported from State DOT's, DOR's, or DMV's to FHWA
- ∞ However, DOT's are responsible for reporting and accuracy of the data
- ∞ Data for both 551M and 556 is required under UPACS in FUELS/FASH software



# Importance of Effective Motor Fuel Data Reporting

- ❧ Gives States an effective system (data) to use for State policy, and providing data for requests within the State.
- ❧ Important in Attribution: Gallons of fuel used in the State is used as part of formula in the HTF distribution of funds.

# FHWA Reviews

## ∞ Motor Fuel Reviews

- ∞ Review State reporting procedures

- ∞ Risk assessment

## ∞ State visits by FHWA HQ staff

- ∞ Typically, every 3 years

- ∞ Improves communication

# The Big Picture

- ∞ What's important about motor fuel data, attribution, and the apportionment process?
- ∞ The amounts of funding involved
- ∞ The distribution of those funds, or Your State's Share

# Overview

- ∞ FHWA estimates how much Federal highway tax money comes from each State
- ∞ Compared to how much each State receives from FHWA
- ∞ Derives a “for every dollar in, how much does my State receive” or Donor-Donee ratio
- ∞ This is extremely important:
  - ∞ To Congress, FHWA, and the States
  - ∞ That the data be correct

# Federal Highway Account Taxes FY 2011

(Thousands of Dollars)

Gasoline	\$21,081,442	64%
Diesel	\$ 8,649,136	26%
Tires	\$ 440,764	2%
Trucks & Trailers	\$ 2,416,742	7%
HVUT Tax	\$ <u>364,228</u>	<u>1%</u>
<b>TOTAL</b>	<b>\$ 32,952,313</b>	<b>100%</b>



**Importance of  
data for  
Attribution**

# Halloween Question #1



What was the first official  
name of Halloween?

# ALL SOULS DAY

It was called **All Souls Day**, to honor the dead. It was celebrated with big bonfires, parades, and people dressing up as saints, angels and devils.

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Halloween was first made a holiday in the Catholic Church in 835 AD.

# The Attribution Process

- ∞ FHWA attribution supports the apportionment process
- ∞ How FHWA calculates attribution (Fuel, VMT, etc. in formula used by FHWA)
- ∞ The role of State data (system for accurately reporting the data, accession planning)



# Attribution (contd)

- ❧ State-by-State contributions to the Trust Fund were not available from the IRS (just total funds)
- ❧ With EXSTARS, that data is coming on-line



# Attribution (Contd)

- œ Typical fuel taxpayer is an Oil company or wholesaler
- œ There are over 8,000 licensed with IRS
- œ IRS reports total receipts (after refunds and transfers) for each fuel type



# Attribution (Contd)

- ∞ HTF contributions from highway users in each State are estimated using State motor fuel data
- ∞ States report motor fuel taxed (*each State has its own procedure for collecting and dissemination*)
- ∞ FHWA uses established methodologies to derive a consistent, compatible dataset for attribution



# FHWA Estimation of Non-Highway Gasoline

- ❧ Estimate off-highway uses of:
  - ❧ Agriculture
  - ❧ Construction
  - ❧ Industrial and commercial
  - ❧ Small boat
  - ❧ Aviation gasoline
- ❧ Compare to State-reported amounts
- ❧ Use one or the other



# Methodology

## Reasonable

- ∞ The data is less than perfect
  - ∞ **Different motor fuel laws in each State**
  - ∞ Tax Systems designed for Revenue collection, not data collection
  - ∞ **State agency interest levels**
  - ∞ Tax evasion
  - ∞ **Less than perfect reporting on form FHWA-551M**

# How Attribution Works

- ❧ From adjusted State motor fuel data
  - ❧ Measure on-highway gallons of motor fuel (*Gasoline - Special fuels*)
  - ❧ Sum to derive the national total (*by type*)
  - ❧ Derive each State's share of the national total
  - ❧ Use those shares (based on gallons) to determine revenue shares

# Attribution and Data Quality

- ∞ FHWA's goal is an accurate data-set for attribution
- ∞ FHWA performs actions aimed at improving accuracy of State reporting

# Halloween Question #2?



Is the pumpkin a  
fruit or vegetable?

# The Pumpkin is a Fruit



The Pumpkin is a Fruit, made up of 90% water. The largest pumpkin known, weighed 350 lbs.

# Issues / Best Practice Sharing

## ❧ Motor Fuel Reviews:

- ❧ FHWA Division Initiates and works with State partners
- ❧ “Meet the Players” – gives a chance to meet players from State DOT, State Revenue, and FHWA.
- ❧ Issues/problems addressed
- ❧ Gives a chance for FHWA to see how data is collected within the State
- ❧ Gives momentum for better data quality, and problem solving among the agencies.

# Issues / Best Practice Sharing (2)

- ❧ Documentation (*the process / the Job*):
  - ❧ Provides new State staff resources for quickly filling Motor Fuel Reporting positions
  - ❧ Can be shared and stored for easy access
  - ❧ Provides for: 1) Resources 2) Contacts, 3) Data procedures, etc.

**Issues -  
Discussion**

# Issues / Best Practice Sharing (3)

## ∞ Data Accuracy:

- ∞ Gasoline gallons reported on 551M, times the tax rate, should fall within +/- 5% of reported receipts off form 556 (fuel tax receipts). *Special fuel with +/- 10%.* (See the form EVAL in your packets)
- ∞ IFTA data (motor carrier fuel use) within the State, needs to reported accurately

State: **State Name**  
 Year: **2010**

If tax rate is consistent throughout the year, enter total line only. Range search replacing ST with 2-letter State abbreviation.

MONTH	GASOLINE			GASOHOL			DIESEL		
	GGT	TAX RATE ¢	EST. RECEIPTS	GGT	TAX RATE ¢	EST. RECEIPTS	NGT	TAX RATE ¢	EST. RECEIPTS
October 2009	189,688,739		0	20,568,583		0	53,161,531		0
November	186,457,520		0	19,892,453		0	61,914,507		0
December	174,490,805		0	28,303,986		0	50,753,673		0
January 2010	194,144,788		0	22,491,882		0	49,737,601		0
February	175,051,781		0	26,634,659		0	59,971,981		0
March	178,425,337		0	20,282,352		0	50,866,032		0
April	207,616,599		0	16,904,033		0	60,639,680		0
May	208,192,014		0	14,313,324		0	65,856,383		0
June	202,062,096		0	26,445,679		0	56,255,495		0
July	208,289,966		0	15,233,277		0	62,598,565		0
August	211,817,888		0	19,812,721		0	64,779,903		0
September	190,057,089		0	38,479,966		0	66,283,962		0
Total	2,326,294,622	18	418,733,032	269,362,925	18	48,485,327	702,908,313	19	133,552,579

#### EVALUATION OF GALLONAGE VS. REVENUE

FUEL TYPE	RECEIPTS ESTIMATED ON GALLONS	REPORTED RECEIPTS 1/	PERCENT DIFFERENCE	RESULT
Gas/Gasohol	467,218,358	463,754,958	-0.7%	'556 IS LOW
Diesel/LPG	133,552,579	129,640,611	-2.9%	'556 IS LOW
1/ From FHWA-556: gross receipts for gasoline/gasohol, net receipts for diesel/LPG.				

# State Issues:

## ❧ Issues at the States:

### ❧ Funding (lack of)

❧ Staff Changes (retirements, movements)

❧ Need for Documentation

❧ Communication between agencies

❧ Multiple tasks (FHWA reporting only part of job)

**Issues -  
Discussion**

# Verification of the Data

- ❧ February: First Verification memo sent out to Divisions/States to review previous year data (i.e. in Feb. 2012, review of 2010 data)
- ❧ Tables MF-33GA (gasoline use), MF-33SF (SF use), MF-20 (On Highway/Off Highway Use) and FE-9 (funds attributed to States from HTF)
- ❧ As States resubmit, data is updated at FHWA
- ❧ Final Verification memo sent out April/May
- ❧ Data is compiled for final attribution -August

# IFTA

## ❧ International Fuel Tax Agreement

- ❧ Vehicles over 26,000 lbs.
- ❧ Quarterly reporting requirement
- ❧ 48 US States and 10 Canadian Provinces
- ❧ Carriers report to 1 base jurisdiction
- ❧ Distance traveled and volumes of fuel are used to arrive at amount of tax owed in each jurisdiction
- ❧ Jurisdictions either receive funds from or transmit funds to other jurisdictions

# IFTA Example

Total IFTA Distance		250	Total Gallons		50	Average Fleet MPG		5.00
Jurisdiction	Taxable Distance	MPG	Taxable Gallons	Tax-Paid Gallons	Net Taxable Gallons	Tax Rate	Tax Due/(Credit)	
Freedonia	100	5.00	20	50	(30)	.20	(\$ 6.00)	
Sylvania	150	5.00	30	0	30	.25	\$ 7.50	
Totals	250			50			\$ 1.50	

- The carrier is traveling in two jurisdictions
- All information is reported to base jurisdiction
- Carrier pays or gets credit from one jurisdiction
- Jurisdictions transfer amounts based on total of all returns
- Each jurisdiction will either have a net credit (more coming in than going out) or liability (more going out than coming in).

# MAP-21 legislation

## ⌘ Highway Trust Fund:

- ⌘ Authorized to collect Motor Fuel and Other Taxes through September 2014
- ⌘ FHWA currently evaluation its data programs and the new requirements of the MAP-21 to determine any need for changes.



**Future –  
“The Crystal Ball” ?**

# **The Future?**

## **Next Reauthorization**

### **(after 9 / 2014)**



- **Increase of Fuel Tax?**
- VMT Tax? (although this sounds doubtful given the backlash on confidentiality)
- **More TIFIA?**

**Future –  
“The Crystal  
Ball” ?**

# Recap and Closing

- ∞ Accuracy of data in monthly 551M and yearly 556 is crucial
- ∞ Communication between State agencies, and FHWA important
- ∞ Changing political landscape may change way of transportation funding.
- ∞ If in doubt, ask.

# Resources:

- ❧ Office of Highway Policy Information -Website  
<http://www.fhwa.dot.gov/policy/information> (redesigned)
- ❧ Guide to Reporting Highway Statistics  
<http://www.fhwa.dot.gov/policyinformation/hss/guide/index.cfm>
- ❧ Office of Highway Policy: Organization Manual  
<http://www.fhwa.dot.gov/legregs/directives/orders/m11001a/11001a08.htm>
- ❧ Monthly Motor Fuel Reported by States  
[http://www.fhwa.dot.gov/policyinformation/motorfuelhwy\\_trustfund.cfm](http://www.fhwa.dot.gov/policyinformation/motorfuelhwy_trustfund.cfm)
- ❧ Attributing Highway Revenue to Each State  
<http://www.fhwa.dot.gov/ohim/attrib.htm>
- ❧ Fuel Tax Attribution Process  
<http://www.fhwa.dot.gov/policyinformation/motorfuel/ftap/index.cfm>

**Follow-up and  
Closing**